

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0228
COMPANY NAME : HPP HOLDINGS BERHAD
FINANCIAL YEAR : MAY 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of HPP Holdings Berhad ("HPP Holdings" or "Company") is fully committed in maintaining high standards of corporate governance throughout HPP Holdings and its subsidiaries ("Group") for long-term sustainable business growth and for the protection and enhancement of shareholders' value.</p> <p>The Board Charter sets out the standards and principles governing the Board processes and outlines the roles, functions and responsibilities of the Board, which included but not limited to the following:</p> <ul style="list-style-type: none">▪ Review and approve strategies, business plans and key policies for the Group and monitor Management's performance in implementing them to determine whether the business is being properly managed; and▪ Set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group. <p>In order to ensure the effective discharge of the Board's fiduciary duties and responsibilities, the Board delegates specific authority and discretion to the Chairman, Executive Directors, Management, as well as Board Committees comprising exclusively of Independent Non-Executive Directors ("INEDs"). The Board Committees consists of the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC").</p> <p>The Board meets on a quarterly basis to discuss on key strategic, business and financial performance, management and operational matters of the Group so as to ensure that strategic direction and long-term objectives are achieved.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by a Non-Independent Non-Executive Chairman, Mr Lau Tee Tee @ Lau Kim Wah ("Mr Lau"). Mr Lau is primarily responsible in providing leadership to the Board, facilitating the orderly and constructive resolution of matters reserved for the Board, promoting corporate governance and ensuring Board effectiveness.</p> <p>Key duties and responsibilities of the Board Chairman are clearly set out in the Board Charter as follows:</p> <ul style="list-style-type: none">• Providing leadership to the Board in setting the direction and policies of the Group;• Ushering the Board in the adoption and implementation of good corporate governance practices throughout the Group;• Setting Board meeting agenda and ensuring that Board members receive complete and accurate information on a timely manner;• Chairing Board meetings and leading discussions;• Supporting and guiding management in achieving corporate objectives;• Encouraging active participation and allowing dissenting views to be freely expressed;• Advising the Board on good investor relations and effective communication on the Group's performances and strategic plans;• Representing the Board and managing coordination between the Board and the Management;• Maintaining regular dialogue with the Group Managing Director ("GMD") on overall operational matters and consultation with the Board members on matters of concern;• Ensuring that all directors look beyond their executive functions and accept their share of responsibilities towards good corporate governance; and• Performing other responsibilities assigned by the Board from time to time and ensuring appropriate steps are taken to provide effective communication with stakeholders.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has ensured that the position of Board Chairman and GMD are held by different individuals. A clear distinction of roles and responsibilities between Board Chairman and GMD has been established and provided in the Board Charter.</p> <p>Mr Lau, the Chairman of the Board, whose primary responsibility is to provide leadership to the Board, leads discussion on strategies and policies recommended by the Management, advises the Board of good investor relation with effective communication on Group's performances and strategic plans, and ensures Board effectiveness and its collective oversight over the Group.</p> <p>The position of GMD is assumed by Mr Kok Hon Seng, whose primary responsibilities are to oversee the day-to-day running of the Group's businesses and operations, and to implement the strategies and policies approved by the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Board, Mr Lau, is not a member of ARMC, NC and RC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>In the financial year ended 31 May 2023 ("FYE 2023"), the Board is assisted by company secretaries from Boardroom Corporate Services Sdn. Bhd..</p> <p>Roles and responsibilities of the company secretaries include, but are not limited to the following:</p> <ul style="list-style-type: none">• Manage the logistics of all Board and Board Committees meetings, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;• Guide the Board on its roles and responsibilities and on corporate disclosures and compliance with the ACE Market Listing Requirements ("Listing Requirements") and other relevant rules and regulations;• Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and• Serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>Our company secretaries advise our Board on its roles and responsibilities and keep our Board updated on matters relating to new statutory and regulatory requirements and corporate governance and promptly disseminate communications received from the relevant regulatory / governmental authorities.</p> <p>Our company secretaries have attended all Board meetings and Board Committee meetings, and are responsible for ensuring the meeting procedures are in place, including disseminating complete and proper meeting materials on a timely manner to allow the Board members to have sufficient time to review the relevant documents prior to meetings. Our company secretaries also facilitated the communication of key decisions and policies between the Board, Board Committees and Management.</p> <p>All directors have unrestricted access to the advices and services of the company secretaries so as to enable them to discharge their duties effectively.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supplied with relevant information and reports to facilitate the effective discharge of its roles and responsibilities. Furthermore, the Board has full and unrestricted access to all information pertaining to the Group’s business and affairs including financial, operational, corporate, business development and compliance matters.</p> <p>Meeting papers and / or other relevant information and documents pertaining to the meeting agenda are emailed to all Board members at least five (5) working days prior to the Board meeting so as to facilitate effective and quality decision making in dealing with matters arising during the meetings.</p> <p>Directors may request for further information or clarification from Management on matters to be deliberated prior to each meeting to ensure proceedings at the meeting are not interrupted.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter serves as a guide to the Board in discharging its fiduciary and leadership functions, and upholding sound corporate governance and practices which clearly sets out the roles and responsibilities of the Board, Board Committees and its members, including stewardship role, meeting proceedings, authority and power.</p> <p>The Board Charter addresses the key areas including but not limited to the following:</p> <ol style="list-style-type: none"> a. Duties and Responsibilities of the Board; b. Board Structure and Composition; c. Matters Reserved for the Board's Approval; d. Functions of Board Committees; e. Appointment and Re-election of Director; f. Director's Training; g. Conduct of general meeting; h. Stakeholders' Relationship and Management; i. Code of Conduct and Ethics; and j. Whistleblowing Policy. <p>The Board Charter shall be reviewed once every three (3) years, or as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities and any new regulation that may affect the discharge of the Board's responsibilities. The Board Charter was last reviewed on 22 July 2021 and is made available on the Company's website via www.hppholdings.com</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed in maintaining high standards of ethics and integrity. In line with this, the Board strictly adheres to the Group's Code of Conducts and Ethics in discharging its oversight role effectively. The Code of Conduct and Ethics is made available on the Company's official website at www.hppholdings.com and can be easily accessible as and when required.</p> <p>The Code of Conducts and Ethics requires all Directors, officers and employees to cultivate corporate accountability at each individual level to ensure an ethical corporate environment can flourish and enable the Group to consistently reach high standards of corporate governance, corporate social responsibility and professionalism.</p> <p>The Code of Conducts and Ethics provides guidance on the conduct of ethical practices when undertaking business on behalf of the Group, which include managing conflicts of interest, preventing abuse of power, bribery and corruption, insider trading and anti-money laundering.</p> <p>The Board values integrity in its dealings and observes zero tolerance towards corrupt or illegal practices undertaken by staff in the course of their work. To this end, the Group has adopted an anti-bribery and anti-corruption policy and framework in the inculcation of high standards of integrity and ethics across the Group as well as in promoting good corporate governance practices and accountability in its businesses and operations.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of any genuine commitment, demonstrated by employees and other stakeholders to report genuine concerns about unethical behaviours, malpractices, illegal acts or failure to comply with regulatory requirements that are taking place / have taken place / may take place in the future within the Group. As such, the Whistleblowing Policy is established to encourage and provide a channel to report in good faith and in confidence, without fear of reprisals and concerns about possible improprieties.</p> <p>All whistleblowing reports are conveyed to the Chairman of Board and the Chairman of ARMC. The ARMC shall review credibility of any whistleblowing report received based on the significance and implications of the matter, as well as the likelihood of verifying and confirming the allegation from credible sources. If an investigation is required, the ARMC shall nominate an independent investigation team to review the matter objectively.</p> <p>Detailed procedures on the reporting of improper conduct have been set out in the Whistleblowing Policy that has been published on the Company's website at https://www.hppholdings.com/</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company’s sustainability governance structure is primarily spearheaded by the Board, which forms part of their responsibility to review and adopt a strategic plan for long-term value creation which includes strategies on economic, environment and social considerations.</p> <p>All information on the Group’s sustainability related matters, including key sustainability initiatives and activities are disclosed in the Sustainability Statement of the Annual Report for FYE 2023.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied														
Explanation on application of the practice	:	<p>The Board endorses a transparent communication with the Group’s shareholders and various stakeholders to ensure they are aware of the Group’s sustainability strategies, targets and performances. Key stakeholders of the Group are identified as follows:</p> <table><tr><th>Stakeholder</th><th>Description</th></tr><tr><td>Customers</td><td>Customers are the ultimate users of the Group’s product. They are main revenue-drivers of the Group and are able to affect the Group’s reputation.</td></tr><tr><td>Suppliers</td><td>Suppliers are sources of raw materials (paperboards and printing inks) and services to facilitate the Group’s production and trading activities.</td></tr><tr><td>Employees</td><td>Employees are at the core of the Group’s operations and are the greatest contributor to the Group’s value creation activities. Their Group endeavours to cultivate a motivated workforce by looking after their well-being.</td></tr><tr><td>Investors and Shareholders</td><td>Shareholders and investors are stakeholders who hold a direct financial stake in the Group through the purchase of equity or other financial instruments. The Group focuses on building shareholders and investors trust so as to attract new potential investors as well as to maintain the current ones.</td></tr><tr><td>Community</td><td>The Group endeavours to create sustainable living spaces through social welfare and environmentally friendly developments.</td></tr><tr><td>Government and Regulators</td><td>Regulatory bodies are the forces behind regulatory framework that governs the extent of compliance demonstrated by the Group whilst rendering its printing and packaging services to customers.</td></tr></table> <p>Detailed description of HPP Holdings’ stakeholder groups and priority together with its sustainability aspirations and</p>	Stakeholder	Description	Customers	Customers are the ultimate users of the Group’s product. They are main revenue-drivers of the Group and are able to affect the Group’s reputation.	Suppliers	Suppliers are sources of raw materials (paperboards and printing inks) and services to facilitate the Group’s production and trading activities.	Employees	Employees are at the core of the Group’s operations and are the greatest contributor to the Group’s value creation activities. Their Group endeavours to cultivate a motivated workforce by looking after their well-being.	Investors and Shareholders	Shareholders and investors are stakeholders who hold a direct financial stake in the Group through the purchase of equity or other financial instruments. The Group focuses on building shareholders and investors trust so as to attract new potential investors as well as to maintain the current ones.	Community	The Group endeavours to create sustainable living spaces through social welfare and environmentally friendly developments.	Government and Regulators	Regulatory bodies are the forces behind regulatory framework that governs the extent of compliance demonstrated by the Group whilst rendering its printing and packaging services to customers.
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	performances are disclosed in the Company's Sustainability Statement, which is set out in the Company's Annual Report for FYE 2023.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied								
Explanation on application of the practice	:	<p>The Board is committed to the discharge of its tasks and responsibilities whilst observing the impacts of existing sustainability challenges on the Group and its businesses, including climate-related risks and opportunities.</p> <p>In order to continuously stay abreast with the ever-changing sustainability challenges, the Board has actively undertaken corporate sustainability related training programs related to sustainability as below:</p> <table><tr><th>Name of Directors</th><th>Seminars/ Forum/Training</th></tr><tr><td><ul style="list-style-type: none">▪ Lau Tee Tee @ Lau Kim Wah▪ Kok Hon Seng▪ Ng Soh Hoon▪ Philip Goh Teck Siang▪ Choo Chee Beng▪ Lee Chong Leng</td><td><ul style="list-style-type: none">• Environmental, Social and Governance training on:<ul style="list-style-type: none">- Malaysian Code of Corporate Governance 2021- Sustainable Development Goals- Sustainability Reporting Requirements- Sustainability Reporting Guide and Toolkits</td></tr><tr><td>Choo Chee Beng</td><td><ul style="list-style-type: none">• Green Finance for Accountants• Board of Director Leadership - ESG Essentials</td></tr><tr><td>Lee Chong Leng</td><td><ul style="list-style-type: none">• ESG and sustainability reporting & a review of recent case law involving on the interpretation of various provisions of company act 2016</td></tr></table>	Name of Directors	Seminars/ Forum/Training	<ul style="list-style-type: none">▪ Lau Tee Tee @ Lau Kim Wah▪ Kok Hon Seng▪ Ng Soh Hoon▪ Philip Goh Teck Siang▪ Choo Chee Beng▪ Lee Chong Leng	<ul style="list-style-type: none">• Environmental, Social and Governance training on:<ul style="list-style-type: none">- Malaysian Code of Corporate Governance 2021- Sustainable Development Goals- Sustainability Reporting Requirements- Sustainability Reporting Guide and Toolkits	Choo Chee Beng	<ul style="list-style-type: none">• Green Finance for Accountants• Board of Director Leadership - ESG Essentials	Lee Chong Leng	<ul style="list-style-type: none">• ESG and sustainability reporting & a review of recent case law involving on the interpretation of various provisions of company act 2016
Name of Directors	Seminars/ Forum/Training									
<ul style="list-style-type: none">▪ Lau Tee Tee @ Lau Kim Wah▪ Kok Hon Seng▪ Ng Soh Hoon▪ Philip Goh Teck Siang▪ Choo Chee Beng▪ Lee Chong Leng	<ul style="list-style-type: none">• Environmental, Social and Governance training on:<ul style="list-style-type: none">- Malaysian Code of Corporate Governance 2021- Sustainable Development Goals- Sustainability Reporting Requirements- Sustainability Reporting Guide and Toolkits									
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Explanation for departure	:									
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Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	Annual Performance Evaluation of the Board and Senior Management for FYE 2023 included review on the area of managing and addressing material sustainability risks and opportunities, which included the following: a) Effectiveness of the Group’s overall sustainability governance framework in reporting its ESG risks, sustainability targets and initiatives. b) Ability of the Board in distilling sustainability related risks. c) Monitoring of sustainability related key performance indicators (“KPIs”).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible to perform an annual assessment on the Board's composition as well as the effectiveness and performance of the Board, Board Committees and individual directors. In line with this assessment, the tenure of each director is also reviewed so as to ensure the Board composition is in line with the best interests of the Company and good corporate governance practices. The NC is satisfied with the current Board composition that it is adequate to support objective and independent deliberation, review and decision-making.</p> <p>In addition, the Board Charter provides that the tenure of an Independent Director is limited to a cumulative term of nine (9) years. The Independent Director who has served the Board for a cumulative term of nine (9) years and wishes to remain as Independent Director is subject to valid justification and shareholders' approval at the Annual General Meeting ("AGM") through two-tier voting process.</p> <p>The annual re-election / re-appointment of retiring directors is contingent upon satisfactory evaluation of the retiring directors' performance and contribution to the Board and / or Board Committees.</p> <p>On top of that, the Board has formalised and adopted Directors' Fit and Proper Policy which serves as a guide to the NC and the Board in conducting assessment on potential candidates for appointment as directors as well as existing directors who are seeking for re-election and re-appointment.</p> <p>Fit and proper assessment had been conducted on the directors who are due for retirement and seeking for re-election at the forthcoming AGM of the Company:</p> <ol style="list-style-type: none">1. Lau Tee Tee @ Lau Kim Wah2. Kok Hon Seng
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The current Board comprises three (3) INEDs and three (3) Non-Independent Directors, which reflects adequate independence and balance that allows our INEDs to provide independent judgement, experience and objectivity without being subordinated to operational considerations to mitigate any conflict of interest or potential conflict of interest between the policy-making process and daily management of the Group's operation. No single personnel or group has unrestricted powers or influence on the decision-making process of the Board.</p> <p>In addition, the Board, assisted by the NC, assesses the independence of INEDs through the annual board evaluation to ensure that they are free from any business or relationship which could materially interfere with their independent judgement or the ability to act in the best interest of the Company.</p> <p>Based on the evaluation results, the Board was satisfied that each INED has fulfilled the independence criteria as set out in the Listing Requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	At present, there is no INED serving beyond the cumulative terms of nine (9) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied																										
Explanation on application of the practice	:	<p>Selection criteria for directors and senior management are based on an effective integration of competencies, skills, extensive experience and knowledge in order to strengthen the Board and senior management. The Board and senior management possess a mix of financial and accounting, business administration and other backgrounds which when working in synergy, could provide the Company with considerable experience in a wide range of activities.</p> <p>The NC is entrusted with the responsibilities of spearheading the process of nominating and recommending potential candidates to our Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional directors with the required criteria based on the recommendation from existing directors, key senior management or major shareholders. The NC shall review the suitability of candidates based on the skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of INEDs, our NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from INEDs.</p> <p>The current diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board is as follows:</p> <table><tr><th rowspan="2"></th><th colspan="5">Age Group</th><th colspan="2">Gender</th><th>Nationality</th></tr><tr><th>40-45</th><th>46-50</th><th>51-55</th><th>56-60</th><th>>60</th><th>Male</th><th>Female</th><th>Malaysian</th></tr><tr><td>Number of Directors</td><td>1</td><td>1</td><td>1</td><td>-</td><td>3</td><td>5</td><td>1</td><td>6</td></tr></table>		Age Group					Gender		Nationality	40-45	46-50	51-55	56-60	>60	Male	Female	Malaysian	Number of Directors	1	1	1	-	3	5	1	6
	Age Group					Gender		Nationality																				
	40-45	46-50	51-55	56-60	>60	Male	Female	Malaysian																				
Number of Directors	1	1	1	-	3	5	1	6																				

	<p>The appointment of Key Senior Management is closely scrutinised and decisions are made based on internally-established criteria that include skill sets, integrity and leadership qualities, driven by their respective job descriptions as well as diversity in experience, age, cultural background and gender. Their current diversity is as per table below:</p> <table border="1"> <tr> <th rowspan="2"></th><th colspan="4">Age Group</th><th colspan="2">Gender</th><th>Nationality</th></tr> <tr> <th>46-50</th><th>51-55</th><th>56-60</th><th>>60</th><th>Male</th><th>Female</th><th>Malaysian</th></tr> <tr> <td>Number of Key Senior Management</td><td>2</td><td>1</td><td>-</td><td>1</td><td>3</td><td>1</td><td>4</td></tr> </table> <p>According to the Company's Board Charter, any Board member, whilst holding in office, is allowed to accept the appointment as director of other listed issuers so long as the appointment is not in conflict with the business of the Company and does not detrimentally affect the Director's performance as a Board member. All such appointments must first be notified to the Board Chairman before being accepted. The notification should include an indication of time that will be spent on the new appointment. The company secretaries should be informed when any new appointment takes place.</p>		Age Group				Gender		Nationality	46-50	51-55	56-60	>60	Male	Female	Malaysian	Number of Key Senior Management	2	1	-	1	3	1	4
	Age Group				Gender		Nationality																	
	46-50	51-55	56-60	>60	Male	Female	Malaysian																	
Number of Key Senior Management	2	1	-	1	3	1	4																	
Explanation for departure	:																							
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																								
Measure	:																							
Timeframe	:																							

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>TOR of NC provides that the sources for the identification of candidates for appointment to the Board shall not be restricted to recommendations from existing Board members, Management or major shareholders. NC may also engage independent sources including directors' registry, industry and professional association, open advertisements and independent search firms to identify suitably qualified candidates.</p> <p>Current process of identification of new directors is mainly based on recommendations of the NC. The Board relies on existing network and referrals from directors and major shareholders as primary means to source for new directors, if required. The Board is of the opinion that this is a proven approach for sourcing high-calibre directors with sound understanding of its business.</p> <p>The NC conducts annual review on the composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, diversity and adequacy of as well as the current and future needs of the Company prior to proposing any new appointment to the Board.</p> <p>There was no appointment of additional director during FYE 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC assesses the performance, contribution, effectiveness, independence (as the case may be) as well as fitness and propriety of the retiring Directors who are standing for re-election.</p> <p>Profiles of Directors who are due for retirement and offered themselves for re-election, are set out in the Annual Report of the Company. The justifications to support the re-election of retiring directors were provided in the Notice of AGM for shareholders to make informed decision at the AGM.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC consists exclusively of INEDs and is chaired by Mr Lee Chong Leng, an INED.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>At present, the Board has one (1) female director, representing approximately 17% of our Board.</p> <p>The Board acknowledges the importance of boardroom diversity and takes cognisance of recommendation of MCCG 2021 to have 30% women representation in the Board.</p> <p>The Board has adopted a Gender Diversity Policy, and with assistance from NC, will consider gender diversity as part of its future selection criteria for candidates for directorship on the Board.</p> <p>In addition, the Board supports the initiative to include women representation on the Board to achieve a more gender diversified Board. Henceforth, suitably qualified female candidates who can contribute to the Board will be considered for appointment in the event of any vacancy arises or when a decision is made to increase the size of the Board.</p> <p>Nevertheless, to avoid any mismatch and ineffective appointment of women Directors, the Board will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of our Board when assessing the Board composition or identifying suitable candidates for appointment or re-election to the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>HPP Holdings has established and adopted a Gender Diversity Policy for the Company and the Group which is made available on the Company's website.</p> <p>This Gender Diversity Policy provides the Group with measurable targets to be achieved through:</p> <ul style="list-style-type: none"> i) sustaining a balanced mix of Board members that includes both male and female representatives with different skills, competencies and experiences, and are developed for Group's future leadership succession; ii) embracing equal treatment and acceptance for the benefit of all stakeholders; iii) ensuring the selection, promotion, retention and development for all without any gender-based consideration; iv) fostering mentorship and development opportunities for all identified candidates; and v) cultivating a corporate culture and working environment which is free from harassment and discrimination. <p>At present, women representation in the Board and the senior management constituted 17% and 43% respectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>During the FYE2023, the Board, facilitated by NC, had carried out an annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each individual director as well as the independence of INEDs.</p> <p>The evaluation was conducted on self and peer evaluation model through customised questionnaires that set out the assessment criteria as reviewed by the NC, which covered areas such as the Board mix, Board composition, quality of information and decision making, Boardroom activities and Board relationship with management. For individual director assessment, the assessment includes evaluation of character, experience, integrity, competence and time commitment, independent directors are also required to evaluate their level of independence based on the criteria of independence of Listing Requirements.</p> <p>The directors completed the evaluation questionnaires on confidential basis. The results and comments by the directors will then be summarised and discussed at the NC meeting and subsequently, reported to the Board at the Board meeting held thereafter.</p> <p>Based on the results of assessment, the NC was satisfied with the existing Board composition and concluded that each director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review. All assessments and evaluations carried out by the NC in the discharge of its functions have been properly documented.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC is primarily responsible for maintaining a fair and transparent remuneration framework and policies as well as the remuneration packages of the non-executive directors, executive directors and Key Senior Management to ensure rewards commensurate with their contributions and to attract, motivate and retain talents with the competitive remuneration packages.</p> <p>Remuneration for non-executive directors, executive directors and the Key Senior Management of the Company are driven by the Remuneration Policy for the Group.</p> <p>The RC is tasked to submit recommendations to the Board on the adjustments in remuneration and/or reward payment of directors and Key Senior Management to the Board after taking into account of their respective contributions and the financial performance of the Group.</p> <p>The remuneration policy was made available for reference on the Group's website at www.hppholdings.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a RC which consist of three (3) INEDs and is currently chaired by Mr Choo Chee Beng, an INED.</p> <p>The RC is tasked to assist in implementing the Company's policies and procedures pertaining to remuneration and to undertake the following responsibilities:</p> <ul style="list-style-type: none">• Review and recommend to the Board on the remuneration policy and procedures for directors and senior management, including the fee structure and level of remuneration for Executive Directors, GMD and Management;• Formulate policies, guidelines and set criteria for remuneration packages for directors and to ensure that the directors are fairly and appropriately remunerated according to general market sentiments or conditions;• Review and recommend to the Board on the remuneration of the Non-Executive Directors, particularly on whether the remuneration remains appropriate to each directors' contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;• Review and recommend to the Board on the total individual remuneration package for Executive Directors, GMD and senior management including where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance;• Review and recommend to the Board and subsequently for shareholders' approval at the general meeting, the fees of the directors and any benefits payable to the directors including any compensation payable to the directors in connection with any loss of employment of director or former director. Such compensation shall be determined in accordance with relevant contractual terms and shall be fair and not excessive for the Group;

	<ul style="list-style-type: none"> • Consider the appointment of independent experts to facilitate the RC in carrying out its functions; • Review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption; • Consider and review any renewal of service contracts of the EDs as and when due, as well as any service contracts and remuneration package for newly appointed directors prior to their appointment; and • Review and recommend to the Board regarding any proposed new employees' share option scheme to be given to employees of the Group and/or amendments to the existing scheme. <p>The terms of reference of the RC is made available on the Company's website at www.hppholdings.com.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	Remuneration of directors for FYE 2023 are disclosed on a named basis together with the remuneration breakdown on the overleaf.

No	Name	Directorate	Company (RM'000)			Subsidiaries (RM'000)							Group (RM'000)						
			Fee	Allowance	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Lau Tee Tee @ Lau Kim Wah	Non-Executive Non-Independent Director	96	-	96	60	-	-	-	-	-	60	156	-	-	-	-	-	156
2	Kok Hon Seng	Executive Director	96	-	96	60	-	540	135	-	129	863	156	-	540	135	-	129	960
3	Ng Soh Hoon	Executive Director	96	-	96	-	-	120	45	-	32	197	96	-	120	45	-	32	293
4	Philip Goh Teck Siang	Independent Director	60	3	63	-	-	-	-	-	-	-	60	3	-	-	-	-	63
5	Choo Chee Beng	Independent Director	36	3	39	-	-	-	-	-	-	-	36	3	-	-	-	-	39
6	Lee Chong Leng	Independent Director	36	3	39	-	-	-	-	-	-	-	36	3	-	-	-	-	39

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure																																				
Explanation on application of the practice	:																																					
Explanation for departure	:	<p>The remuneration of our top five (5) senior management are not disclosed on named basis but in bands of RM50,000 due to confidentiality, talent retention challenges and personal security concerns. Retention of senior management is critical to the successful implementation of our Group’s strategy plan. The Board is of the view that the disclosure of remuneration of senior management will be detrimental to our Group as it may lead to other competitors in the same industry to ‘poach’ our experienced senior management personnel.</p> <p>Our Board also believes that the interest of our shareholders will not be prejudiced as a result of the non-disclosure of the top five (5) senior management’s remuneration on a named basis.</p> <p>The aggregate remuneration (includes salary, allowances, bonus, benefit-in-kind and other emoluments) and band of remuneration of the top five (5) senior management of the Group for FYE 2023 are set out as follows:</p> <table><tr><th>Categories</th><th>Company (RM'000)</th><th>Subsidiaries (RM'000)</th><th>Total (RM'000)</th></tr><tr><td>Salaries</td><td>-</td><td>916</td><td>916</td></tr><tr><td>Fee</td><td>192</td><td>60</td><td>252</td></tr><tr><td>Bonus</td><td>-</td><td>237</td><td>237</td></tr><tr><td>EPF, SOSCO & EIS</td><td>-</td><td>201</td><td>201</td></tr><tr><td>Others</td><td>-</td><td>-</td><td>-</td></tr><tr><td>TOTAL</td><td>192</td><td>1,414</td><td>1,606</td></tr></table> <table><tr><th>Range of Remuneration</th><th>Number of Senior Management</th></tr><tr><td>RM0 - RM50,000</td><td>-</td></tr><tr><td>RM50,001 - RM100,000</td><td>-</td></tr><tr><td>RM100,001 – RM150,000</td><td>1</td></tr></table>	Categories	Company (RM'000)	Subsidiaries (RM'000)	Total (RM'000)	Salaries	-	916	916	Fee	192	60	252	Bonus	-	237	237	EPF, SOSCO & EIS	-	201	201	Others	-	-	-	TOTAL	192	1,414	1,606	Range of Remuneration	Number of Senior Management	RM0 - RM50,000	-	RM50,001 - RM100,000	-	RM100,001 – RM150,000	1
Categories	Company (RM'000)	Subsidiaries (RM'000)	Total (RM'000)																																			
Salaries	-	916	916																																			
Fee	192	60	252																																			
Bonus	-	237	237																																			
EPF, SOSCO & EIS	-	201	201																																			
Others	-	-	-																																			
TOTAL	192	1,414	1,606																																			
Range of Remuneration	Number of Senior Management																																					
RM0 - RM50,000	-																																					
RM50,001 - RM100,000	-																																					
RM100,001 – RM150,000	1																																					

	RM150,001 – RM200,000	-
	RM200,001 – RM250,000	1
	RM250,001 – RM300,000	1
	RM950,001 – RM1,000,000	1
	TOTAL	4
<p>There were only four (4) senior management's remuneration disclosed herein by virtue of the cessation of Chief Operating Officer I following his expiry of employment contract on 7 May 2022.</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC comprises three (3) members, all of whom are INEDs.</p> <p>The ARMC is chaired by Mr Philip Goh Teck Siang, whilst the Chairman of the Board is Mr Lau. Having the positions of Chairman of the Board and Chairman of the ARMC assumed by different individuals, it allows our Board to objectively review our ARMC's findings and recommendations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>Section 2.0 of the TOR of the ARMC states that a former audit partner of the Company is required to observe a cooling off period of at least three (3) years prior being appointed as a member of the ARMC.</p> <p>At present, none of the members of the ARMC was a former audit partner.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>ARMC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company. The Board has established External Auditors Assessment Policy which serves as a guide for ARMC in the process of selection and appointment, annual assessment and remuneration of external auditors.</p> <p>ARMC had assessed the performance (including independence) of the external auditors based on the competence, audit quality and resource capacity of external auditors as well as the non-audit services provided by the external auditors.</p> <p>The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors. A written assurance had been provided to ARMC by the external auditors confirming that they are, and have been independent through the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>At the Fourth AGM held on 27 October 2022, the shareholders approved the appointment of BDO PLT as External Auditors of the Company for the FYE 2023 in replacement of Moore Stephens Associate PLT which was retired at the conclusion of the Fourth AGM.</p> <p>The nomination of BDO PLT as external auditors by the ARMC and Board was determined following the thorough assessment and discussions by the ARMC in accordance with the External Auditors Assessment Policy, and extensive tendering process in line with the good corporate practices.</p> <p>The TOR of ARMC and External Auditors Assessment Policy are available on the Group's website.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC comprises three (3) members, all of whom are INEDs, namely:</p> <ul style="list-style-type: none">a. Mr Philip Goh Teck Siang (Chairman)b. Mr Choo Chee Beng (Member)c. Mr Lee Chong Leng (Member)

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC is established under the delegated authority of the Board and currently comprises three (3) members, all of whom are INEDs.</p> <p>The ARMC possesses wide range of necessary skill, experience and expertise, including financial knowledge across industries to discharge their designated duties and responsibilities, with respect to the Company's mission and vision.</p> <p>The ARMC Chairman is Mr Philip Goh Teck Siang, a member of Malaysian Institute of Certified Public Accountants ("MICPA") as well as Chartered Accountant of Malaysian Institute of Accountants ("MIA"), with extensive experience in strategic business planning and execution, business transformation and turnaround management, mergers and acquisition and financial management. Other members of the ARMC include Mr Choo Chee Beng, who has extensive experience in finance related functions such as financial and tax planning, corporate exercise managements, turnaround management cash flow and fund management, and Mr Lee Chong Leng, who is experienced in the field of tax advisory, audit and corporate management. Detailed information pertaining to qualification and experience of the respective members of the ARMC are disclosed in the Annual Report 2023.</p> <p>The details of the continuous professional development undertaken by the members of the ARMC are as follows:</p>

	Name of Directors	Seminars/ Forum/Training
	Philip Goh Teck Siang	<ul style="list-style-type: none">Environmental, Social and Governance training on:<ul style="list-style-type: none">Malaysian Code of Corporate Governance 2021Sustainable Development GoalsSustainability Reporting RequirementsSustainability Reporting Guide and Toolkits <p>(Hereinafter referred to as “ESG Training”)</p>
	Choo Chee Beng	<ul style="list-style-type: none">ESG TrainingGreen Finance for AccountantsBoard of Director Leadership - ESG Essentials
	Lee Chong Leng	<ul style="list-style-type: none">Preparation, approval, and circulation of financial statements by directors & passing resolutions at meeting of membersESG and sustainability reporting & a review of recent case law involving on the interpretation of various provisions of Companies Act 2016Companies Act 2016 - What can be paid to directors and are the payments legal?Engagement Quality Reviews and Documentation: ISQM 2, ISA 220 & ISA 230Notice and procedure at meeting and its procedures and applicationsPost Budget 20232023 Budget SeminarESG TrainingPractical guide for the company secretaries - share capital in private companies and its practice & embracing the MCCG 2021Corporate Tax Strategies
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of a sound risk management and internal control framework to safeguard shareholders' investment and the Group's assets and acknowledges its responsibilities for establishing and maintaining such systems. To this end, the Group continue to maintain a system of risk management and internal control.</p> <p>The Board affirms that risk management and internal controls are embedded in all aspects of the Group's activities, and for reviewing the adequacy and integrity of these systems to effectively mitigate risks within the Group to acceptable risk levels. Nonetheless, the Board recognises that the systems of risk management and internal control are designed to manage these risks rather than to eliminate risks of failure to achieve its business objectives.</p> <p>Details of the Group's system of risk management and internal control adopted for FYE 2023 are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report for FYE 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	Key features of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report for FYE 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board consistently places significant emphasis on establishing robust internal controls to safeguard the Group's assets and the interests of shareholders.</p> <p>The Board has outsourced its internal audit function to Resolve IR Sdn Bhd, an independent professional services firm. The outsourced internal audit function primarily assists the ARMC in assessing and evaluating the adequacy and effectiveness of the Group's risk management, internal controls, and governance processes.</p> <p>The outsourced internal audit function periodically reviews the significant areas and daily operational processes within the Group. Their primary objectives are to assess the effectiveness of the Group's existing systems concerning risk management, internal controls, and governance. Internal audit engagements are executed in accordance with the risk-based Internal Audit Plan that was approved by the ARMC.</p> <p>The outsourced internal audit function consistently maintains its independence whilst discharging its assigned roles and responsibilities. The outsourced internal audit function reports to the ARMC and administratively to the Chief Financial Officer. Details of the activities undertaken by the outsourced internal audit function are outlined under the ARMC Report in the Annual Report for FYE 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied						
Explanation on application of the practice	:	<p>The Group has outsourced its internal audit function to an independent professional services firm, namely Resolve IR Sdn. Bhd (“Internal Auditors”). The Internal Auditors have conducted their assessment and provided an independent and objective assurance to the ARMC on the adequacy and effectiveness of the Group’s risk management and internal control systems during the FYE 2023.</p> <p>Resolve IR Sdn. Bhd is a corporate member of the Institute of Internal Auditors, Malaysia and it is adequately resourced with personnel having the appropriate qualification and experience. The outsourced internal audit function is free from any relationship or conflict of interest that could impair its objectivity and independence.</p> <p>The work of the outsourced internal audit function is guided by the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors. The internal audit reviews undertaken has been conducted on a risk-based approach and detailed areas of audit have been set out in the internal audit plan that has been reviewed and approved by the ARMC. Details of the Chief Audit Executive responsible for the outsourced internal audit function are set out below:</p> <table><tr><td>Name</td><td>Choo Seng Choon</td></tr><tr><td>Qualification</td><td><ul style="list-style-type: none">• Fellow Member, Association of Chartered Certified Accountants of UK (ACCA)• Certified Internal Auditor (CIA)• Professional Member, Institute of Internal Auditors (IIA)• Chartered Accountant, Malaysian Institute of Accountants (MIA)</td></tr><tr><td>Independence</td><td>Does not have any family relationship with any of director and/or major shareholder of the Company</td></tr></table>	Name	Choo Seng Choon	Qualification	<ul style="list-style-type: none">• Fellow Member, Association of Chartered Certified Accountants of UK (ACCA)• Certified Internal Auditor (CIA)• Professional Member, Institute of Internal Auditors (IIA)• Chartered Accountant, Malaysian Institute of Accountants (MIA)	Independence	Does not have any family relationship with any of director and/or major shareholder of the Company
Name	Choo Seng Choon							
Qualification	<ul style="list-style-type: none">• Fellow Member, Association of Chartered Certified Accountants of UK (ACCA)• Certified Internal Auditor (CIA)• Professional Member, Institute of Internal Auditors (IIA)• Chartered Accountant, Malaysian Institute of Accountants (MIA)							
Independence	Does not have any family relationship with any of director and/or major shareholder of the Company							

	Information pertaining to the activities of the Internal Auditors are set out under the ARMC Report in the Annual Report for FYE 2023.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the significance of promptly and equitably sharing of vital information with shareholders, investors, and the wider public.</p> <p>Demonstrating a strong commitment, the Board diligently works to keep shareholders and stakeholders well-informed regarding the Company's business operations and corporate advancements. This commitment is upheld by delivering informative, appropriate, and timely communication from the Company. Information is disseminated to stakeholders through various channels, including quarterly and annual financial reports, official announcements, press releases, and more. These efforts are aimed at ensuring that investors remain up to date with the Group's latest developments.</p> <p>To enhance accessibility to relevant information about the Group's activities, the Company maintains an official website at www.hppholdings.com. This online platform serves as a hub for shareholders, consumers, and the general public, facilitating easy access and promoting transparency and engagement. Investors are also able to reach out to HPP Holdings through their dedicated investor related email at info@hppholdings.com in respect of any matters relating to the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:	The Company is not under the category of “Large Companies” as defined by the MCCG 2021. Hence, such recommended practice is not applicable.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Fourth AGM was held on 27 October 2022 while the corresponding Notice of Meeting was issued to shareholders through publication on Bursa Malaysia’s website and nationally circulated newspaper on 22 September 2022 which was more than twenty-eight (28) days prior to the date of Fourth AGM. The shareholders were accorded with sufficient time to consider the resolutions that were tabled at the Fourth AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Fourth AGM was physically convened and held in Melaka on 27 October 2022 which facilitated better engagement and two-way communication with shareholders / proxyholders at the meeting.</p> <p>All directors and senior management have attended the Fourth AGM to engage and interact directly with the shareholders / proxyholders and discharge their stewardship responsibilities to the Company.</p> <p>At the Fourth AGM, the Chairman of the Board and directors have responded to and addressed all questions posted during the AGM.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Fourth Annual General Meeting was physically held at Swiss-Garden Hotel Melaka on 27 October 2022. The Board has opted for a physical platform for better engagement with shareholders as it allows better flow of two-way communication at general meetings.</p> <p>Adequate notice of meeting was given to all shareholders and shareholders who were unable to attend the general meeting were allowed to appoint their proxy to attend, participate, speak and to vote at the AGM in their stead.</p> <p>In line with the intended outcome of this practice, the Board will consider the adoption of technology to facilitate voting in absentia and remote shareholders’ participation in future general meetings when the needs arise.</p>	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman provided ample opportunity to both shareholders and proxyholders in attendance to engage and interact with Board members at the AGM. Sufficient time was allocated for the Board members to address the questions raised by the shareholders and proxyholders in the meeting.</p> <p>Discussions on matter such as the Group’s financial performance for FYE 2022, acquisition of additional industrial lands and its usage were actively deliberated with shareholders / proxyholders. Chairman of the Board has responded and addressed all questions received during the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice	:	The Fourth Annual General Meeting was physically held at Grand Hibiscus Ballroom, Level 3A, Swiss-Garden Hotel Melaka, T2-4 The Shore @ Melaka River, Jalan Persisiran Bunga Raya, 75300 Melaka Tengah, Melaka, Malaysia on 27 October 2022.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the Fourth AGM held on 27 October 2022 was made available on the Group's website not later than thirty (30) business days following the convening of the Fourth AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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